

**Pacific Gas And Electric Company**  
**Diablo Canyon Revenues**  
**1985 - 2008**  
**000\$**

Ln.	Year	Fixed				Variable				Interim Revenues (a)	Total
		Decommissioning	Sunk Cost Revenues (c)	Cost Of Service (d)	Total	Settlement Revenues(b)	ICIP Revenues (c)	Fuel	Total		
1	1985									326,670	326,670
2	1986									630,978	630,978
3	1987	36,717			36,717					599,311	636,028
4	1988	55,076			55,076	439,755			439,755	348,410	843,241
5	1989	55,076			55,076	1,317,958			1,317,958	0	1,373,034
6	1990	54,937			54,937	1,454,005			1,454,005	0	1,508,942
7	1991	54,937			54,937	1,446,557			1,446,557	0	1,501,494
8	1992	54,937			54,937	1,726,462			1,726,462	0	1,781,399
9	1993	54,996			54,996	1,877,859			1,877,859	0	1,932,855
10	1994	54,996			54,996	1,814,742			1,814,742	0	1,869,738
11	1995	54,996			54,996	1,789,837			1,789,837	0	1,844,833
12	1996	33,181			33,181	1,756,271			1,756,271	0	1,789,452
13	1997	33,181	1,389,998		1,423,179		556,469		556,469	0	1,979,648
14	1998	33,181	1,309,464		1,342,645		561,431		561,431	0	1,904,076
15	1999	33,181	1,242,122		1,275,303		555,054		555,054	0	1,830,357
16	2000	24,238	790,289		814,527		577,378		577,378	0	1,391,905
17	2001	24,238			24,238		627,616		627,616	0	651,854
18	2002	24,238		461,000	485,238			92,227	92,227	0	577,465
19	2003	0		510,911	510,911			88,958	88,958	0	599,869
20	2004	0		552,200	552,200			75,972	75,972	0	628,172
21	2005	0		528,621	528,621			81,375	81,375	0	609,996
22	2006	0		548,180	548,180			85,575	85,575	0	633,755
23	2007			636,028	636,028			90,166	90,166		726,194
24	2008			721,896	721,896			87,250	87,250		809,146

64,392

(a) For the period 1985 through 1986 PG&E collected iterim revenues subject to refund for a portion of the revenue requirement

For the period 1987 through July 1988 , PG&E was allowed to collect interim revenues which covered a portion of Unit 1's operation and maintenance expenses and an amount equal to the projected fuel costs saved. PG&E was also allowed to recover in interim rates the revenue equal to the projected fuel costs saved for Unit 2

(b) For the period July 1988 through 1996, Diablo Canyon's revenues were based primarily on the amount of electricity generated by the plant rather than on traditional cost based ratemaking. This ratemaking treatment based revenues on a pre-established price per KWh of electricity generated by the plant Under this performance based approach PG&E assumed a significant portion of the operating risk of the plant because the extent and timing of the recovery of actual operating costs, depreciation, and a return on investment in the plant primarily depended on the amount of power produced and the level of costs incurred.

259.00  
4/16/2008  
12/31/2008

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- (c) For the period 1997 through 2001, Diablo Canyon revenues consisted of a sunk cost portion which included fixed costs and an incremental cost incentive price(ICIP) mechanism which recovered operating costs as well as capital additions incurred after December 31, 1996. Diablo Canyon's sunk costs were recovered through a sunk cost revenue requirement at a reduced return on common equity equal to 6.77%. The operating costs and capital additions were recovered through an incentive price mechanism(ICIP) which established a rate per KWh generated by the facility for the period 1997 through 2001.
- (d) For the year 2002, PG&E submitted an interim cost of service revenue requirement for utility retained generation to the PUC in an advice letter per Decision (D.) 02-04-016 . The interim cost of service requirement included operating costs less fuel costs and a return on rate base. The return on equity included in the revenue requirement was 11.2%

For the years 2003 through 2006 the cost of service revenue requirement was approved by the PUC in the 2003 General Rate Case. The cost of service revenue requirement includes operating costs less fuel costs and also a return on rate base. The return on equity used in the revenue requirement calculation was 11.2%

The years 2007 and 2008 the cost of service revenue requirement was approved by the CPUC in the 2007 General Rate Case. The 2008 revenue requirement includes amounts approved in the 2007 GRC and the Steam Generator Replacement proceeding.

The cost of service revenue requirement includes operating costs less fuel costs and also a return on rate base. The return on equity used in the revenue requirement calculation was 11.2%